



SMALL BANK

Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

PUBLIC DISCLOSURE

January 03, 2011

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

Premier Bank & Trust, National Association
Charter Number 23957

305 West Liberty Street
Wooster, OH 44691

Office of the Comptroller of the Currency

Cleveland Field Office
200 Public Square, Suite 1610
Cleveland, OH 44114

NOTE: This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

INSTITUTION'S CRA RATING: This institution is rated Satisfactory.

The major factors supporting this rating are:

- The bank's loan-to-deposit ratio is reasonable based on its size, financial condition, and the assessment areas' (AAs) credit needs.
- A majority of the bank's loans are made within its two AAs.
- The bank's distribution of loans reflects reasonable penetration among businesses of different sizes and borrowers of different incomes.
- The geographic distribution of loans reflects a reasonable dispersion throughout the two AAs of Wayne and Stark Counties.

SCOPE OF EXAMINATION

This Performance Evaluation (PE) covers the period from April 7, 2003 to January 3, 2011. Our review used full-scope small bank Community Reinvestment Act (CRA) procedures for both AAs. Premier Bank & Trust, N.A.'s (Premier) primary lending focus during the evaluation period was business lending, with home lending being a secondary focus. To evaluate the bank's business lending performance, we selected a sample of business loans made from January 1, 2008 through December 31, 2010. The one-to-four family residential real estate (residential real estate) loan analysis is based upon the bank's Home Mortgage Disclosure Act-Loan Application Registers (HMDA-LAR). The HMDA-LARs were tested prior to this review and found to be reliable for the purposes of our analysis. Therefore, we used HMDA data from January 1, 2006 through December 31, 2009. In addition, we used 2000 U.S. Census Data, 2009 Business Demographic data, internal bank reports, and other information from government websites for our assessment. We also performed three community contacts to better assess community needs and the performance of financial institutions in the AAs.

DESCRIPTION OF INSTITUTION

Premier is a full-service community bank headquartered in Wooster, Ohio, which is located in Wayne County. Premier is a wholly-owned subsidiary of Ohio Legacy Corporation, a single-bank holding company. The bank's ownership and management changed in February 2010, which included additional capital and a change to the bank's name. It was formerly called Ohio Legacy Bank, N.A. The bank's business strategy is to continue to be an active business lender while increasing consumer lending activity. Premier has four branches including its main office. Two of the branches are located in Wooster, Ohio and two are in North Canton, Ohio. There was one branch that was relocated from Canton, Ohio to North Canton, Ohio during the evaluation period. There were no other branch openings or closings during this period. Each branch has an automated teller machine (ATM). Premier has a 2% deposit market share when combining Stark and Wayne Counties. Premier ranks ninth among 18 banks serving these counties, based on the FDIC Deposit Market Share Report.

As of December 31, 2010, Premier had total assets of \$170.9 million and tier one capital of \$16.6 million. The bank’s loan portfolio totaled \$104.5 million, or 61.2% of total assets as of December 31, 2010. The bank offers a wide range of deposit and loan products. The primary loan product is business loans. The bank also offers residential real estate and consumer loans. Business loans represent 70.6% of the loan portfolio, while residential real estate loans represent 22.9%, and consumer loans represent 6.5%.

Table 1 below provides further segmentation of the loan portfolio.

Table 1 – Loan Portfolio		
Loan Type	Volume (\$000s)	% of Portfolio
Business/Commercial Loans	73,817	70.62
Residential Real Estate Loans	23,891	22.85
Consumer Loans	6,825	6.53
Total	104,533	100.00

Source: Bank’s internal report as of December 31, 2010. Consumer loans include revolving 1-4 family loans.

During the evaluation period, the bank was under a regulatory enforcement action which limited its ability to lend. This resulted in lower loan volume, especially during 2009. During 2010 the bank received a capital infusion, which has enabled the bank to increase lending activity. Premier was rated “Satisfactory” during the last CRA evaluation conducted April 7, 2003.

DESCRIPTION OF ASSESSMENT AREAS (AAs)

Premier has two AAs which consist of Wayne and Stark Counties. These two counties are located in the northeast section of the state of Ohio. The bank has two branch offices in each of these two counties. In arriving at our conclusions, we considered both AAs with similar weight. This market area is served by seven large banks, one mid-size bank, and 10 community banks. In addition, there are a number of credit unions serving this area. The AAs consist of contiguous geographies, and none are arbitrarily excluded.

Wayne County AA

The Wayne County AA consists of the entire county, which includes 33 census tracts. This county is in a non-metropolitan statistical area (MSA). The AA is comprised of no low-income tracts, one moderate-income tract, 26 middle-income tracts, and six upper-income tracts. The county seat for Wayne County is the City of Wooster. This AA meets the requirements of the CRA regulation and does not arbitrarily exclude low- and moderate-income geographies.

Wayne County is the 13th largest county in the State of Ohio by geographic size. The population in the county is 111,564, based on the 2000 U.S. Census. The county is predominately rural, and has over 800 farms and over 7,000 other businesses. Manufacturing, health and education services, agriculture, and retail services provide a majority of the county’s employment opportunities. Major employers in the county include J.M. Smucker Company, Luk USA LLC, the College of Wooster, Buehler Food Markets, and Wooster Community Hospital.

The local economic conditions in Wayne County have declined during the evaluation period due to increased unemployment, even though the unemployment rate in the county is lower than state and national averages. There are a number of community and large banks serving the county, providing for a competitive banking environment.

During our assessment of the bank’s CRA performance, we met with a local organization to get a better understanding of the AA and its credit needs. This contact felt the banks serving the county were meeting the needs of local businesses. This contact indicated that future county economic growth would come from small start-up businesses, and that there would be future opportunities for banks to provide funding to entrepreneurs.

The following table highlights some additional demographics of the AA:

Table 2 - Demographic Information for Assessment Area (Wayne County)					
Demographic Characteristics	#	Low Income (%)	Moderate Income (%)	Middle Income (%)	Upper Income (%)
Geographies (Census Tracts)	33	0.00	3.03	78.79	18.18
Population by Geography	111,564	0.00	3.43	78.02	18.55
Owner-Occupied Housing by Geography	29,653	0.00	2.39	76.13	21.48
Businesses by Geography	7,080	0.00	3.50	80.71	15.79
Farms by Geography	805	0.00	0.25	77.39	22.36
Family Distribution by Income Level	29,742	13.12	17.75	25.13	44.00
Median Family Income HUD Adjusted	= \$53,800	Median Housing Value		= \$105,582	
US Census MSA Median Family Income	= \$43,801	Unemployment Rate: (November 2010 unadjusted)			
Households Below the Poverty Level	= 8.02%	United States		= 9.3%	
		State of Ohio		= 9.3%	
		Wayne County		= 8.6%	

Sources: 2000 U.S. Census; 2009 Business Demographic Data.

Stark County AA

The Stark County AA consists of the entire county, which includes 80 census tracts. This AA represents a portion of the Canton-Massillon, Ohio MSA. The AA is comprised of four low-income tracts, 18 moderate-income tracts, 47 middle-income tracts, and 11 upper-income tracts. Low income tracts represent 5.0% of the total census tracts in the county, while the moderate-income tracts represent 22.5%. This AA meets the requirements of the CRA regulation and does not arbitrarily exclude low- and moderate-income geographies.

Stark County is made up of a mixture of rural and urban/commercial areas. The county seat for Stark County is the city of Canton. The population in the county is 378,098, based on the 2000 U.S. Census. The county has 963 farms and approximately 24,000 businesses. The area has a diverse range of businesses serving the county. Major employers in the county include Aultman Hospital, The Timken Company (manufacturer of steel and bearings), Diebold Inc. (computer services), Stark State College of Technology, and Frehmark Inc. (meat processing).

The current local economic condition is worse than the State of Ohio as a whole, given the high unemployment rate. The unemployment rate in the county is above the state and national averages. There are a number of community and large banks serving the county providing a competitive banking environment.

We performed two community contacts in Stark County to better assess community needs. These included a real estate agency and a government economic organization in the county. Through these community contacts we determined that since the housing foreclosure crisis, banks have been more reluctant to lend and that there are opportunities for banks to better serve borrowers in obtaining home financing.

The following table highlights some additional demographics of the AA:

Table 3 - Demographic Information for Assessment Area (Stark County)					
Demographic Characteristics	#	Low Income (%)	Moderate Income (%)	Middle Income (%)	Upper Income (%)
Geographies (Census Tracts)	80	5.00	22.50	58.75	13.75
Population by Geography	378,098	2.03	17.52	60.40	20.05
Owner-Occupied Housing by Geography	107,397	1.00	14.85	63.33	20.82
Businesses by Geography	23,997	3.77	15.11	55.17	25.95
Farms by Geography	963	1.04	8.20	70.82	19.94
Family Distribution by Income Level	103,069	17.39	19.20	23.89	39.52
Median Family Income HUD Adjusted	= \$57,700	Median Housing Value		= \$99,930	
US Census MSA Median Family Income	= \$47,165	Unemployment Rate:			
Households Below the Poverty Level	= 9.29%	(November 2010 unadjusted)			
		United States		= 9.3%	
		State of Ohio		= 9.3%	
		Stark County		= 10.2%	

Sources: 2000 U.S. Census; 2009 Business Demographic Data

CONCLUSIONS WITH RESPECT TO PERFORMANCE CRITERIA

This evaluation concentrated on the bank's primary loan product of business loans, and to a lesser degree residential real estate loans. Residential real estate loans include home purchase, refinance, and improvement loans for the purpose of this analysis. This was done to provide a more meaningful analysis given the low loan volume for the sample period. Premier has a reasonable loan-to-deposit ratio, and a majority of loans originated were within the AAs. The borrower distribution of loans reflects reasonable penetration among businesses of different sizes and borrowers of different incomes. The geographic distribution of residential real estate loans and business loans reflects reasonable dispersion in the two AAs.

Loan-to-Deposit Ratio

Premier's loan-to-deposit ratio is reasonable given the bank's size, financial condition, and the credit needs of the AAs. The bank's quarterly loan-to-deposit ratio averaged 86.0% during the 31 quarters since the last CRA evaluation. The ratio ranged from 67.1% to 100.8% during the evaluation period. This compares well to the average loan-to-deposit ratio of five banks located in the AAs with total assets ranging from \$70 million to \$383 million. Premier's average loan-to-deposit ratio ranks third among these banks. Premier compares favorably to the 81.8% quarterly average loan-to-deposit ratio of the five comparison banks. The five comparison banks' average loan-to-deposit ratios ranged from 60.0% to 103.1% during the same 31 quarters.

Lending in Assessment Areas (AAs)

A majority of bank's loans are inside the AAs. A sample of business loans and reportable HMDA-LAR residential real estate loans revealed a reasonable level of lending within the AAs. Based on a loan sample, 83.3% of the number of business loans and 55.8% of the dollar amount of business loans were made in the AAs. This wide variance was due to the bank making several large business loans outside the AAs. Table 4 below reflects that 75.9% of the total number of loans and 64.3% of the total dollar amount of business and residential real estate loans were made in the bank's AAs. This reflects an adequate lending performance in the bank's AAs.

Table 4 - Lending in the Assessment Area										
Loan Type	Number of Loans					Dollars of Loans				
	Inside		Outside		Total #	Inside		Outside		Total \$
	#	%	#	%		\$	%	\$	%	
Business Loans	55	83.33	11	16.67	66	11,272	55.78	8,936	44.22	20,208
Residential Real Estate Loans	181	73.88	64	26.12	245	23,850	69.28	10,578	30.72	34,428
Totals	236	75.88	75	24.12	311	35,122	64.28	19,514	35.72	54,636

Source: A 100% sample of residential real estate loans including home purchase, refinance, and improvement loans from 2006 through 2009 HMDA-LARs. Random sample of business loans from January 1, 2008 through December 31, 2010.

Lending to Borrowers of Different Incomes and to Businesses of Different Sizes

The borrower distribution of loans reflects reasonable penetration among businesses of different sizes and borrowers of different incomes. We placed more weight on business lending since this is the bank’s primary lending product. In arriving at this conclusion, we also considered the fact that lending volumes were lower over the last several years. Below is an analysis for residential real estate loans and business loans for the AAs of Wayne and Stark Counties.

Residential Real Estate Loans

The distribution of residential real estate loans reflects reasonable penetration among borrowers of different income levels in the Wayne County AA. Premier has a reasonable lending distribution to moderate-income borrowers, despite being below the 17.8% of families in the AA identified as moderate-income. The 13.1% of loans to low-income borrowers is in line with the 13.1% of families in the AA identified as low-income, reflecting excellent performance in lending to low-income borrowers. We concluded the bank’s overall borrower distribution for home mortgage loans was reasonable when considering the bank’s overall performance in lending to low- and moderate-income borrowers for the Wayne County AA. For further details, refer to Table 5A below.

Table 5A – Borrower Distribution of Residential Real Estate Loans in Wayne County								
Borrower Income Level	Low		Moderate		Middle		Upper	
	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans
Residential Real Estate Loans	13.12	13.10	17.75	13.10	25.13	20.24	44.00	39.28

Sources: Loan sample of home mortgage loans from HMDA-LAR for years 2006 through 2009; 2000 U.S. Census data. There were 14.28% of the reportable loans that did not have the borrowers’ income available.

The distribution of residential real estate loans reflects reasonable penetration among borrowers of different income levels in the Stark County AA. Premier has excellent lending distribution to moderate-income borrowers, with 21.7% of HMDA reportable residential real estate loans compared to the 19.2% of families in the AA identified as moderate-income. The 4.1% of loans to low-income borrowers is significantly below the demographic for low-income families in the AA of 17.4%. In evaluating the borrower distribution of home mortgage loans, we considered the number of households that live below the poverty level and the barriers that this may have on home ownership. It is especially difficult for the segment of the low-income population that lives below the poverty line to afford and maintain a home. There are 9.3% of the households in the AA living below the poverty level. We concluded the bank’s residential real estate borrower distribution is reasonable for the Stark County AA. For further details refer to Table 5B below.

Table 5B – Borrower Distribution of Residential Real Estate Loans in Stark County								
Borrower Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans	% of AA Families	% of # of Loans
Residential Real Estate Loans	17.39	4.12	19.20	21.65	23.89	14.43	39.52	45.36

Sources: Loan sample of home mortgage loans from HMDA-LAR for years 2006 through 2009; 2000 U.S. Census data. There were 14.44% of the reportable loans that did not have the borrowers' income available.

Business Loans

The distribution of loans to businesses reflects reasonable penetration among businesses of different sizes based on loan samples for both the Wayne County MSA and the Stark County MSA. Emphasis is placed on small businesses that have gross annual revenues of \$1 million or less when evaluating this performance element.

A sample of 20 business loans within the Wayne County AA was reviewed. As Table 6A shows, the percentage of loans to businesses with gross revenue of \$1.0 million or less, by dollar amount and number of loans, is below the percentage of businesses in Wayne County with gross revenue of \$1 million or less. However, based on the relatively small size of the differences, we determined that the bank has a reasonable penetration of loans to businesses of different sizes in Wayne County.

Table 6A - Borrower Distribution of Loans to Businesses in Wayne County				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/Unknown	Total
% of AA Businesses	77.25	5.37	17.38	100.00
% of Bank Loans in AA by #	70.00	30.00	0.00	100.00
% of Bank Loans in AA by \$	74.92	25.08	0.00	100.00

Source: Random loan sample of 20 loans; 2009 Business Demographic Data.

A sample of 35 business loans within the Stark County AA was also reviewed. The dollar amount of loans to businesses with gross revenue of \$1.0 million or less is below the percentage of these businesses in the AA, and the percentage of the number of loans to businesses with gross revenue of \$1.0 million or less is significantly below the percentage of these businesses in the AA. However, we concluded that the overall borrower distribution of business loans is reasonable given the bank's performance context. Refer to Table 6B for additional details.

Table 6B – Borrower Distribution of Loans to Businesses in Stark County				
Business Revenues (or Sales)	≤\$1,000,000	>\$1,000,000	Unavailable/ Unknown	Total
% of AA Businesses	76.26	5.12	18.62	100.00
% of Bank Loans in AA by #	60.00	40.00	0.00	100.00
% of Bank Loans in AA by \$	70.70	29.30	0.00	100.00

Sources: Random loan sample of 35 loans; 2009 Business Demographic Data.

Geographic Distribution of Loans

Premier’s geographic distribution of residential real estate and business loans reflects a reasonable dispersion throughout the two AAs. Our analysis revealed lending in most census tracts within both AAs. As of the 2000 U.S. Census, Wayne County AA includes no low-income tract and only one moderate income tract. The Stark County AA includes 4 low-income and 18 moderate-income tracts. In evaluating the geographic distribution of loans, more weight is placed on lending in low- and moderate-income tracts (with an emphasis on the bank’s primary lending products). Since the bank was primarily a business lender during the evaluation period, more weight was placed on business lending as opposed to residential real estate lending. Our conclusions also take into consideration the fact that loan volume over the last several years was relatively low compared to prior years.

Residential Real Estate Loans

The bank’s distribution of residential real estate loans to geographies of different income levels in Wayne County is reasonable, given lending opportunities and the bank’s performance context (see Table 7A). The percentage of loans made in the one moderate income tract exceeded the percentage of the AA’s owner occupied housing in this moderate-income tract. The bank made five residential loans during the four year period from 2006 through 2009 in this moderate-income tract. This represents a relatively low volume of loans. Despite the percentage of loans made in the moderate-income tract exceeding the demographic information, we concluded the bank’s geographic distribution was only reasonable given the low loan volume.

Table 7A - Geographic Distribution of Residential Real Estate Loans in Wayne County								
Census Tract Income Level	Low		Moderate		Middle		Upper	
	% of AA Owner Occupied Housing	% of Number of Loans						
Residential Real Estate Loans	0.00	0.00	2.39	5.95	76.13	82.15	21.48	11.90

Sources: Random loan sample of 20 loans; 2000 U.S. Census data.

The bank’s distribution of residential real estate loans to geographies of different income levels

in Stark County is also reasonable (see Table 7B). This conclusion considers the volume of lending in low- and moderate-income tracts. The percentage of loans made in the low-income tract exceeds the percentage of the AA’s owner occupied housing in that tract, but only one loan was made during the four year period ended December 31, 2009. The percentage of loans made in the moderate-income tract is only slightly lower than the percentage of owner occupied housing. Overall, this represents a reasonable geographic distribution of loans given the bank’s performance context.

Table 7B - Geographic Distribution of Residential Real Estate Loans in Stark County								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans	% of AA Owner Occupied Housing	% of Number of Loans
Residential Real Estate Loans	1.00	1.03	14.85	13.40	63.33	50.52	20.82	35.05

Source: Random loan sample of 35 loans; 2000 U.S. Census data.

Business Loans

The distribution of loans to businesses reflects reasonable dispersion among the geographies in the Wayne County AA, based on a sample of 20 business loans (see Table 8A). The AA does not have any low-income tracts and only one moderate-income tract. The percentage of the number of loans made in this moderate-income tract is 5%, which is above the demographic percentage of businesses in this tract of 3.5%. This would usually reflect an excellent geographic dispersion; however, based on the low loan activity, we concluded that the bank’s performance reflects a reasonable geographic distribution of loans.

Table 8A – Geographic Distribution of Loans to Businesses in Wayne County								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business Loans	0.00	0.00	3.50	5.00	80.71	85.00	15.79	10.00

Sources: Random business loan sample of 20 loans; 2000 U.S. Census data.

The distribution of loans to businesses also reflects reasonable dispersion among the geographies in the Stark County AA. As illustrated in Table 8B below, the percentages of loans made in the low- and moderate-income tracts are below the percentages of businesses in each of these tracts. However, this still represents a reasonable distribution of loans given the bank’s performance context.

Table 8B - Geographic Distribution of Loans to Businesses in Stark County								
Census Tract Income Level	Low		Moderate		Middle		Upper	
Loan Type	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans	% of AA Businesses	% of Number of Loans
Business Loans	3.77	3.00	15.11	11.00	55.17	46.00	25.95	40.0

Source: Random business loan sample of 35 loans; 2000 U.S. Census data.

Responses to Complaints

There have been no consumer complaints relating to the bank’s CRA performance during this evaluation period.

Fair Lending or Other Illegal Credit Practices Review

We found no evidence of discriminatory or other illegal credit practices inconsistent with helping to meet community credit needs.